

BEFORE THE
POSTAL RATE COMMISSION

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POSTAL RATE AND FEE CHANGES, 1997

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY
DOCKET NO. R97-1

**FIFTH SET OF INTERROGATORIES FROM UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS BRADLEY
(UPS/USPS-T13-31 through 34)**

(September 5, 1997)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby serves the following interrogatories and requests for production of documents directed to United States Postal Service witness Bradley (UPS/USPS-T13-31 through 34).

Respectfully submitted,



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Of Counsel.

**UNITED PARCEL SERVICE FIFTH SET OF INTERROGATORIES
TO UNITED STATES POSTAL SERVICE WITNESS BRADLEY**

UPS/USPS-T13-31. Please confirm that the objective of your econometric analysis is to determine the volume variability relationship between the total cost of each identified component of purchased highway transportation accrued cost (e.g., Intra-City contracts), and the indicated cost driver (e.g., cubic foot miles). Please explain any nonconfirmation, including any additional assumptions required for the results indicated.

UPS/USPS-T13-32. Please confirm that your volume variability analysis seeks to determine the volume variable costs of a fixed bundle of services whose proportions stay the same as total volume increases. Please explain any nonconfirmation, including any additional assumptions required for the results indicated.

UPS/USPS-T13-33. Please confirm that it is appropriate to use cubic foot miles as the distribution key for specific categories of purchased highway transportation costs provided that cubic foot miles vary in proportion to mail volume for each class of service. Please explain any nonconfirmation, including any additional assumptions required for the results indicated.


UPS/USPS-T13-34. Please confirm that if cubic foot miles do not vary in proportion to mail volume for a given class of service, it is appropriate to multiply the cubic foot mile cost elasticity from your analysis by the elasticity of cubic foot miles with

respect to mail volume in determining volume variable costs for that class of service.

Please explain any nonconfirmation, including any additional assumptions required for the results indicated.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with section 12 of the Commission's Rules of Practice.

A handwritten signature in black ink, appearing to read "A. P. Parker, II", is written over a horizontal line.

Albert P. Parker, II

Dated: September 5, 1997
Philadelphia, PA